RAJYA SABHA

Wednesday, the 15th December, 1999, 24 Agrahayana, 1921 *(Saka)*

The House met at eleven of the clock, **Mr. Chairman** *in the chair.*

ORAL ANSWERS TO QUESTIONS

Sale of high quality coal as low quality by NEC

*241. SHRI DRUPAD BORGOHAIN: Will the Minister of MINES AND MINERALS be pleased to state:

(a) whether Government are aware that the Chief Executive officer of North-East Coal Field has not visited the Head Office at Guwahati for last several months;

(b) whether there is any proposal to shift the Head Quarter to Calcutta;

(c) whether Government are aware that high standard Coal had been sold as coal of low standard and thus lakhs of rupees had been earned by higher officers;

(d) whether it is a fact that Northern Railway had collected Rs. 10 lakhs fine from Coal India (NEC) for incorrect showing of coal load; and

(e) if so, the action taken by Government thereon?

THE MINISTER OF MINES AND MINERALS (SHRI NAVEEN PATNAIK): (a) No, Sir

(b) No, Sir

(c) and (d) No, Sir

(e) Does not arise in view of the answer to parts (c) and (d) of the question.

SHRI DRUPAD BORGOHAIN: Mr. Chairman, Sir, the hon. Minister has answered all my questions in negative. I think these statements are not true. He was not serious about my questions. My first question relates to the management of the North-Eastern Coalfields. The North-Eastern Coalfields was formed by the Coal India in 1973 as a public sector undertaking. But the North-Eastern Coalfields has been mismanaged. Thus, the management has destroyed the vast possibility of development in the field of production and

earning profit. The offices of NEC at Margherita and Guwahati are not properly run and there is a flaw in the business transactions. The highest executive officer, i.e. the Director-in-charge is working from Calcutta, though the Headquarters is at Guwahati. This is one of the root causes of mismanagement. I would like to know from the hon. Minister as to what steps he has taken to make the highest authority work from Guwahati and also to remove the causes of mismanagement.

SHRI NAVEEN PATNAIK: Mr. Chairman, Sir, so far as the first part of the question is concerned, the main reasons for the gradual fall of productivity and production in the North-Eastern Coalfields are, lack of demand, inadequate rail infrastructure facilities, difficult geo-mining conditions, unviable economics of mining, high sulphur content in the NEC coal and law and order situation in that part of the country. Productivity here can only be increased by increasing the production. Sir, because of very high production cost, further expansion of NEC operations would result in piling up of stocks at the pitheads which get deteriorated in quality. Even at the present level of coal production, the pithead stocks continue to be more than the annual production. It may not be economically profitable for CIL to enhance the production in NEC at present. However, efforts have been made to improve the marketing opportunity by attempting cost control and manpower reduction. Sir, part (a) of his question was, "Whether the Government are aware that the Chief Executive Officer of the North-East Coal Field has not visited the Head Office at Guwahati for the last several months".

Sir, he did spend a certain amount of time in the last several months, namely, in the months of September, October and November. Also, the Head Office of the Coal India Limited is based at Calcutta and the North-Eastern Coalfields is a unit of the Coal India Limited. So, he is required to spend a certain amount of time in Calcutta.

SHRI DRUPAD BORGOHAIN: Sir, my second supplementary relates to corruption and loot by the higher-ups, in conjunction with certain private companies and big sharks. Due to these cases of corruption and loot, the North-Eastern Coalfields has incurred a loss to the tune of Rs. 150 crores since its inception in 1973 up till now. This is not a joke. These higher-ups loot money by various channels.

In one case, they were buying lubricants at a much higher rate from one 'Vauxhall Industries' of Calcutta instead of buying it from IOC at Digboi at a much lower rate. Secondly, some shady deal was being done on payloads used for lifiting coal. Thirdly, they were cheating the Railways and the N.E.C. while loading the coal. The Northern Railway at Moradabad detected such a case and fined the party to the tune of Rs. 10 lakhs. The management of the N.E.C. is also involved in it, but they are not being punished. Fourthly, 'A' grade coal is sold as 'B' grade coal, thus causing huge losses to the N.E.C. and resulting in high gains to the corrupt officials. There are further allegations that these corrupt higher-ups pay bribes to certain big sharks for continuing their corrupt practices and loot. So, Sir, there is a big racket operating in the N.E.C. I would like to ask the Minister: why has he overlooked the existence of such a racket? I demand a CBI inquiry into this, in order to find out the truth and to punish the offenders. Will the Minister be courageous enough to do this?

SHRI NAVEEN PATNAIK: Sir, regarding specific complaints made by the hon. Member, these may be brought to my notice, and, of course, I will pay them the due attention that is required. I would also like to reply to the specific question put by the hon. Member. There is no case of the Northern Railway having fined or having imposed penalty on the Coal India Limited or the North-Eastern Coalfields at any time. However, there are some cases against consignees, where the consignees were required to pay penalty because of difference in weight showed by two different weighbridges. This is a matter between the Railways and the consignees, and it does not pertain to the Coal India Limited or the North-Eastern Coalfields.

DR. ARUN KUMAR SARMA: Mr. Chairman, Sir, the North-Eastern Coalfields, which is a regional office of the Coal India Limited, was established in Guwahati in 1993. The very fact that the Director in-charge and many other higher officials have been operating from Calcutta for the last three years, and the regional office has almost been deserted, proves why there is rampant corruption and mismangement, leading to low productivity and high losses since 1994-95. Sir, the North-Eastern Coalfields was a profit-making unit up to 1993-94. But the production declined from 10 million tonnes in 1993-94 to 6.37 million tonnes in 1998-99. Similarly,

the profitability also went down during this period. It was Rs. 10.77 crores in 1994-95; but it drastrically reduced to 58.01 crores of rupees. This is a very serious state of affairs, and I hope that the Minister will make an enquiry as to why it is happening. I hope that he would also inquire into the callous attitude of the higher-ups in the North-Eastern Coalfields. I would urge upon the Minister to make a special inquiry into all these affairs.

Secondly, Sir, in the North-Eastern Coalfields, underground coal mining is being practised since the British regime. But, now, the North-Eastern Coalfields has started open-cast mining and it has abandoned underground mining. Because of open-cast mining, the environment and ecology has been totally demaged and they have not made any attempt to prevent this damage and take adequate steps for underground mining. Because we do not go in for underground mining, we are having a huge national loss. I would ask the hon. Minister to specify whether he will lay due emphasis on underground mining which has been the old practice in the North-Eastern Coalfields.

SHRI NAVEEN PATNAIK: Sir, as I had explained even earlier, this is a practical problem for the North-Eastern Coalfields. Underground mining is extremely expensive, Sir. But I will speak about what the hon. Member has suggested. In the North-Eastern Coalfields, two mines are open-cast and four of the mines are still very much underground.

DR. ARUN KUMAR SARMA: What about the inquiry into the allegations?

SHRI NAVEEN PATNAIK: As I have said earlier, if specific complaints are brought to my notice, I would certainly look into them.

MR. CHAIRMAN: Shrimati Kamla Sinha.

SHRIMATI KAMLA SINHA: Sir, my question has already been answered by the hon. Minister.

SHRI PARMESHWAR KUMAR AGARWALLA: Sir, the real question is that the particular Ministry is at fault. So far as the coal industry is concerned, I have been hearing the same sterotype reply for the last seven years—geo-mining, geological mining, this and that. The hon. Minister just now said that the production has gone down

and, that is why, the cost has gone up. May I ask the Minister as to why the production has gone down? Why is it that the production has gone down only after 1993? When we have been exposed to the world market, our efficiency and our capacity has also been exposed. That is why, the production has gone down. When the imported coal is so much costlier, why do people still prefer to buy it? That is because the quality of imported coal is better. Here, neither do we lay any emphasis on underground mining, nor on quality. And, it is their perpetual monopoly! Last year, in 1998-99, the loss in the Eastern Coalfields was Rs. 476 crores, in BCCL—Rs. 430 crores and CCL—Rs. 163 crores. On the one side, we have no money for the welfare schemes. On the other, here, in this industry, we are making losses perpetually. May I ask the hon. Minister what the remedy is for all these ills of the coal industry?

SHRI NAVEEN PATNAIK: Mr. Chairman, Sir, what the hon. Member has raised is much broader issue, in comparison to today's question. Low production due to low off-take is one of the ma or problems. As far as the North-Eastern Coalfields is concerned, I explained earlier that the sulphur content does not make this particular form of coal so very saleable today. Some people have suggested to have this coal washed. But since the sulphur content is organic, it is a difficult and an expensive process.

THE LEADER OF OPPOSITION (DR. MANMOHAN SINGH): Sir, it is wellknown that mining of coal in the North-Eastern Region is subjected to a large number of problems—illegal mining and all those associated activities. I would ask of the hon. Minister if he would consider preparing a perspective plan for an integrated development of coal and other mineral resources of the North-Eastern Region as a whole so that a well thought out plan can be prepared for the development of these resources.

SHRI NAVEEN PATNAIK: I am extremely grateful to the hon. Member, Dr. Manmohan Singh, for his very valuable suggestion. I would like to state that I will certainly look into it and review the whole matter.